

## *New Vehicles*

### **2.000 Reporting New Vehicle Sales**

California licensed dealers must report the sale of all new vehicles the dealership is franchised to sell on an Application for Registration of New Vehicle (REG 397).

**NOTE:** The Application for Registration of Multiple New Vehicles (REG 397A) may be used to report sales of **identical** new vehicles to the same registered owner. Refer to Section 2.180 for information.

The REG 397 forms are issued exclusively by mail from the department's Occupational Licensing Unit in Sacramento Headquarters. Mail requests to:

Department of Motor Vehicles  
Occupational Licensing Unit MS N224  
PO Box 932342  
Sacramento, CA 94232-3420

### **2.005 Collection of California Sales Tax**

California licensed dealers must collect California sales tax on vehicles sold by the dealership. Contact the California State Board of Equalization at 1-800-400-7115 for information.

Refer to the "City and County Fees" appendix, Appendix 1A, for sales tax rates.

### **2.010 Application for Registration of New Vehicle (REG 397)**

Complete the Application for Registration of New Vehicle (REG 397) and submit it to the department with any supporting documents and the registration fees.

The dealer or an authorized employee/agent for the dealer must properly and legibly complete all information on the REG 397. A Statement to Record Ownership (REG 101) should be completed whenever it is necessary to clarify the spelling of a name or address. Refer to Section 2.015 for information regarding corrections on the REG 397.

**2.010 Application for Registration of New Vehicle (REG 397), continued**

Information on the REG 397 may be typewritten, computer-generated, or hand-printed. If handprinted, the department prefers that only block upper case letters are used **except** for the following letters which should be handwritten in script or cursive to avoid confusion/error.

*Q Q J R S Y Z*

**REG 397 Check List**—Use the following chart to complete the REG 397.

Section	Information Required
<b>Date First Sold as a New Vehicle</b>	Enter the date the buyer paid the purchase price, signed a purchase contract or security agreement, <b>and</b> took possession or delivery of the vehicle. (VC §5901[d])
<b>Date First Operated</b>	Enter the date the vehicle was first operated by the retail buyer. Fees are due based on this date.
<b>NRM/IND</b>	Check this box if the vehicle is being registered to a nonresident military (NRM) person or a member of a California Indian tribe living on a federal Indian reservation or rancheria in California.  <b>NOTE:</b> Refer to Section 2.090 for <b>Sales to California Indian Tribes/Tribal Members</b> and to Section 2.110 for <b>Sales to Nonresident Military Personnel</b> for fee exemption and additional documentation requirements.
<b>Make</b>	Enter the make of the vehicle, <b>not</b> the model.
<b>Year Model</b>	Enter the year model designated by the vehicle manufacturer.
<b>Body Type</b>	Enter the body type.
<b>Motive Power</b>	Enter the motive power for <b>all</b> vehicles. The fuel types are: Gasoline      Diesel      Electric      Methanol Natural Gas      Trailer      Propane      Hybrid  <b>IMPORTANT:</b> Hybrid vehicles are powered by gas and electricity and are exempt from smog certification by the Bureau of Automotive Repair (BAR) until 12/31/2010. It is important that “Hybrid” is shown in this field or the vehicle record may be incorrectly marked as “gas powered,” and a smog certification will be requested when not needed.
<b>Number of Axles</b>	Enter the number of axles <b>only</b> for commercial motor vehicles and trailers.
<b>Unladen Weight</b>	Enter the unladen (empty) weight for all commercial motor vehicles and trailers. Refer to Chapter 9 for information.

Section	Information Required
<b>M/C Engine Number</b>	Enter the complete engine number and number of cc's for motorcycles and all-terrain vehicles (ATVs).
<b>Length and Width</b>	<p>Enter the length and width <b>in inches</b> for <b>all</b> trailer coaches, camp trailers, <b>and</b> motorhomes.</p> <p><b>NOTE:</b> The length and width for a motorhome may be submitted on a Statement of Facts (REG 256) or the REG 397.</p> <p>Motorhomes exceeding 45 feet (540 inches) in overall length <b>or</b> 8.5 feet (102 inches) in width <b>cannot be registered</b> in California. (VC §§35100 and 35400)</p> <p>Trailer coaches exceeding 40 feet (480 inches) in length <b>or</b> 8 feet (96 inches) in width <b>must be</b> registered by the Department of Housing and Community Development.</p>
<b>County of Residence</b>	Show the buyer's residence address county. This may differ from the county of the mailing address.
<b>Vehicle Identification Number (VIN)</b>	<p>Enter the <b>complete 17-digit VIN</b> as shown on the vehicle's serial plate.</p> <p>A valid 17-digit VIN must be shown for a passenger vehicle, truck, bus, motorcycle, trailer, or cab and chassis operated on the roads and highways. If the VIN does not pass the check-digit, the application will be returned to the dealer.</p>
<b>Sold To</b>	<p>Print the true full name (the name shown on the buyer's driver license or ID card) of <b>each</b> buyer <b>and</b> check the "AND" or "OR" box if there is more than one buyer/owner. Documents are issued with "AND" if box is <b>not</b> checked. Refer to Section 1.020 for <b>Registration to Co-Owners</b> information.</p> <p><b>Leased Vehicles</b>—Print the name of the lessor followed by the abbreviation "LSR" <b>and</b> the name(s) of the lessee followed by the abbreviation "LSE." <b>Do not</b> join the names with "and" or "or."</p> <p><b>Example:</b> Jay Street Leasing, LSR John Doe, LSE</p> <p><b>Only</b> the lessor signs the REG 397 as the buyer. Refer to Section 1.025 for <b>Registration of Leased Vehicles</b> information.</p>

Section	Information Required
<b>Driver License/ID Card No.</b>	<p>Enter the California driver license or ID card number (DL/ID#) for <b>each</b> buyer or lessee (if an individual).</p> <p>If a California DL/ID has not been issued, enter the person's out-of-state DL/ID# <b>and</b> write the state of issuance in the upper right corner of the REG 397.</p> <p><b>NOTE:</b> A DL/ID# <b>is not</b> required for vehicles registered to a company, business, or trust.</p>
<b>Equipment Number</b>	Enter the equipment number <b>only</b> for fleet vehicles.
<b>Buyer's Address</b>	<p>Enter the buyer's residence or business address <b>and</b> mailing address (if different than the residence address). Include an apartment or space number if it is part of the address.</p> <p>When a post office box <b>is</b> the residence or business address, but <b>is not</b> the mailing address, then both addresses must be shown. The post office delivers mail to the second address.</p> <p><b>NOTE: Mailing Address Only on Registration Documents</b>—The buyer/registered owner may request that the registration and title documents issued by the department show only his/her mailing address. Refer to Section 1.040 for the requirements.</p>
<b>Lienholder/Legal Owner Name and Address</b>	<p>Enter the name and address of the lienholder/legal owner <b>or</b> the word "NONE." A rubber stamp (at least 12-point type) may be used to enter the lienholder name and address. The impression <b>must be</b> legible. Applications <b>without an entry</b> in this section <b>are returned</b> to the dealer. Refer to Section 1.030 for <b>Designating Legal Ownership on Applications</b> information.</p> <p><b>NOTE:</b> Electronic Lien and Title (ELT) Program lienholders are assigned specific name and address abbreviations which <b>must be</b> used. Show the ELT lienholder information <b>exactly as shown in the latest ELT listing</b> issued by the department. New listings are issued quarterly with a Vehicle Industry News (VIN) memo.</p>
<b>Initials of Person</b>	The person making the lienholder/legal owner entry <b>must initial</b> in the legal owner space immediately following the entry.
<b>Lessee's Address</b>	Enter the lessee's address in this space <b>if</b> it is different than the address shown for the registered owner.
<b>For Hire</b>	Must be checked if a passenger vehicle is to be operated for hire.

Section	Information Required
<b>Date and Buyer(s) Signature(s)</b>	<p>The buyer's usual signature <b>or</b> the buyer's signature signed by the attorney-in-fact shown on a power of attorney must appear. Refer to Section 5.030 for power of attorney information.</p> <p><b>Leased Vehicles</b>—The lessor <b>is</b> the registered owner and <b>must</b> endorse/sign the REG 397. The lessee's signature is optional.</p>
<b>Certificate of Cost</b>	<p>Show the full cost price of the vehicle to the buyer, excluding sales tax, license fees, or financing costs.</p> <p><b>NOTE:</b> The Federal Retail Excise Tax <b>must be</b> included on the first retail sale of a commercial truck or truck chassis with a gross vehicle weight (GVW) of 33,001 pounds or more <b>or</b> a trailer chassis with a GVW of 26,001 pounds or more.</p> <p><b>Alternative Fuel Vehicles</b>—See the information in this section.</p>
<b>Odometer Disclosure Statement</b>	<p>Must be completed to show actual odometer mileage, the handprinted name(s) of the buyer and seller, and original signatures for the buyer <b>and</b> seller.</p> <p><b>Errors in the Odometer Disclosure Section</b>—When an error is made in the odometer disclosure section, a Vehicle/Vessel Transfer and Reassignment Form (REG 262) <b>must be</b> used for the odometer disclosure <b>and</b> a Statement of Facts (REG 256) explaining the reason for the separate disclosure form <b>must be</b> submitted with the application. Refer to Chapter 23 for additional information on odometer disclosure.</p>
<b>Buyer and Seller Names</b>	<p>The handprinted name(s) of all buyers and the seller <b>and</b> the original signatures of the buyer(s) and seller must appear. Refer to Section 1.010 for signature information.</p>
<b>Unladen Weight</b>	<p>Dealers may certify the weight for new vehicles weighing up to 8,000 pounds unladen. A weight certificate <b>is required</b> for any two-axle or three-axle commercial vehicle between 8,001 and 10,000 unladen.</p> <p><b>Weight Certificate Exceptions</b>—Refer to Section 9.025 for exemptions from the weight certification requirement.</p>

Section	Information Required
<b>Dealer Certification</b>	<p>This section requires:</p> <ul style="list-style-type: none"> <li>• the signature of the dealer’s authorized agent.</li> <li>• the dealer’s business name, address, and dealer number.</li> <li>• the salesperson’s name and number.</li> </ul> <p>The “NEW VEHICLE DEALER NOTICE TEMPORARY IDENTIFICATION” information <b>must be</b> identical to the upper section of the REG 397. The odometer reading <b>is required</b>.</p>
<b>Compliance Certification Statement</b>	Dealers <b>must</b> complete this section. (This is in lieu of the smog certification for a new vehicle sold by the dealer.)

**NOTE: Do not** void a REG 397 because of a VIN error. Line through the incorrect VIN, correct it, and initial the correction.

## 2.015 Corrections on the Application for Registration of New Vehicle (REG 397)

Dealers may make corrections on any part of the Application for Registration of New Vehicle (REG 397) **except** the odometer disclosure section. The dealer or the authorized representative who signed the dealer’s certification must “OK” and initial the correction. Because legibility is important, please submit a Statement to Record Ownership (REG 101) to clarify the spelling of a name or address.

**Odometer Disclosure Section Errors**—If the error is in the Odometer Disclosure Section, a Vehicle/Vessel Transfer and Reassignment Form (REG 262) **must be** used for the odometer disclosure **and** a Statement of Facts (REG 256) explaining the reason for the separate disclosure must be submitted with the application.

**Reference:** Sections 16.000 and 23.075

**New Vehicle Sale Reported Incorrectly by the Dealer**—Refer to Section 16.025.

## 2.020 Distribution of Application for Registration of New Vehicle (REG 397)

Distribute the Application for Registration of New Vehicle (REG 397) as follows:

**Application Copy** (upper portion of the original)—Within 20 days of the date of sale, submit the application copy to the department with the fees and any supporting documents required for registration of the vehicle.

**EXCEPTIONS:** Deliver the application copy and any supporting documents to the buyer instead of the department for the following:

- Public agency sales (See Section 2.080).
- Sales to Consul Corps employees (See Section 2.100).
- Mail order sales (See Section 2.075).
- Sales of new vehicles to be altered (See Section 2.145).

## 2.020 Distribution of Application for Registration of New Vehicle (REG 397) Copies, continued

**Purchaser's Temporary Identification Copy** (bottom portion of the original)—For customer privacy, fold the purchaser's copy so that only the preprinted number and vehicle descriptive information shows and display it in the lower rear window. If the information will be obscured, place it in the lower right corner of the windshield or on the lower right side of a side window. For trailers, display in the same manner in the towing vehicle. This authorizes operation of the vehicle until the buyer receives the license plates and registration card.

**EXCEPTION: Do not** attach the purchaser's copy to the vehicle on:

- Vehicles to be altered before registration (See Section 2.145).
- Vehicles to be registered out of state **or** used exclusively on private property.
- Sales to another dealer.
- "Title only" sales (See Section 2.120).
- Most sales to apportioned operators.

**Dealer's Copy** (upper portion of the duplicate)—Retain the dealer's copy for four years (this corresponds to the department's retention period). The department may inspect your dealer sales records at any time. (VC §§4456, 5901, and 11714[e])

**Dealer's (5-day) Notice** (bottom portion of the duplicate)—**Mail** the dealer's notice to the DMV address shown on the REG 397 not later than the fifth calendar day following the sale date, not counting the actual date of the sale. This releases the dealer from civil liability arising from operation of the vehicle. The dealer's notice **cannot** be submitted to a field office.

## 2.025 New Vehicle Check-Digit Requirements

Pursuant to federal statutes, vehicle manufacturers must assign a vehicle identification number (VIN) which passes check-digit. The VIN is computed using a mathematical formula issued by the Society of Automotive Engineers.

Manufacturers and dealers with questions regarding the check-digit program may:

*write to:*

The Society of Automotive Engineers, Inc.  
400 Commonwealth Drive  
Warrendale, PA 15096

*or telephone:* WMI Coordinator (412) 776-4841

## 2.030 New Vehicles Not Passing Check-Digit

Vehicles **not** manufactured for on-highway use, which do **not** pass check-digit, and do **not** meet the Federal Motor Vehicle Safety Standards (FMVSS) are prohibited from on-highway registration in California. The department **must** refuse registration of new vehicles (including trailers) which **do not** pass the check-digit.

**2.030 New Vehicles Not Passing Check-Digit, continued**

- The department will stamp the application with the date received and return it to the dealership with a refund or credit (as appropriate) for the fees submitted.
- Dealers must verify the VIN shown on the returned Application for Registration of New Vehicle (REG 397) with the VIN assigned to the vehicle **and**:

<i>If the VIN...</i>	<i>then...</i>
was entered incorrectly on the REG 397	correct the VIN and resubmit the application.
agrees with the VIN on the vehicle	<ul style="list-style-type: none"> <li>• contact the vehicle manufacturer regarding the VIN. (A manufacturer that incorrectly computes a VIN <b>must</b> notify the National Traffic Safety Administration (NHTSA) regarding the incorrect VIN <b>and</b> provide the dealer with a copy of the letter sent to NHTSA.)</li> <li>• resubmit the application with the copy of the letter.</li> </ul>

**NOTE:** The department will waive any Administrative Service Fee (ASF) or registration penalty accrued when the application is cleared, when the original application was received within 20 days of the date of sale.

**2.035 Alternative Fuel Vehicles (AFV) (R&TC §10759.5)**

A reduced vehicle license fee (VLF) based on a modified sales price is assessed on new, light duty (up to 8,500 pounds gross vehicle weight), alternative fuel vehicles. The California Energy Commission (CEC) defines AFVs and provides dealers with the instructions for calculating the modified VLF. The law requires dealers to:

- Determine the reduced VLF by deducting the amount credited to the AFV.
- State the actual incremental cost in the sales or lease contract for the buyer.
- Report the incremental cost to the CEC on a quarterly basis.

**Registration Requirements**—The registration requirements are:

- Complete the Application for Registration of New Vehicle (REG 397) as usual, **except** show the modified cost of the vehicle in the Certificate of Cost section.
- Submit a Statement of Facts (REG 256) with the REG 397 showing:
  - The fee breakdown for the cost of a comparable conventional (gas or diesel) vehicle **and** the incremental cost of an AFV.
  - The actual incremental cost of an AFV. (The incremental cost is the difference between the AFV and the most comparable conventional vehicle. The cost difference is deducted for calculation of the VLF.)
  - How the final cost was determined.

**NOTE:** Retain a copy of the REG 256 with the dealer's copy of the REG 397.

**2.035 Alternative Fuel Vehicles (AFV), continued**

- Enter the modified sales price on the REG 397 **and** note “S/F attached.” (The REG 397 will **not** be revised for this purpose.)
- Determine the VLF due by deducting the amount credited to the AFV.

**NOTE:** Compute sales tax based on the full sales price.

- Collect the reduced VLF from the buyer.

**NOTE:** Sales tax is assessed on the actual full selling price.

**2.040 Buses (VC §233)**

A bus is any vehicle, including a trailer bus, designed, used, or maintained for carrying more than 15 persons including the driver **and/or** a vehicle designed, used, or maintained for carrying more than 10 persons, including the driver, used to transport persons for compensation or profit **or** by any nonprofit organization or group. A vanpool vehicle **is not** a bus.

A bus is generally registered as a passenger vehicle.

**EXCEPTION:** A bus **is** a commercial vehicle **when** it is used to transport persons for hire, compensation, or profit **or** when bus transportation is supplied by a profit-making entity and a customer ends up paying for the bus service as part of the overall consideration for the primary service. Refer to Section 9.045 for commercial registration information.

**2.045 Courtesy Deliveries**

A “courtesy delivery” is when a California dealer delivers a new vehicle sold by an out-of-state dealer to the buyer. The requirements for a courtesy delivery are:

- Complete the Application for Registration of New Vehicle (REG 397) as usual. Print “Courtesy Delivery” on original copy and the dealer copy.
- The Manufacturer’s Statement of Origin from the selling dealer, if provided.
- Fees.

**NOTE:** The vehicle **must** comply with California smog requirements **and** California sales tax **must** be collected. Contact the Board of Equalization for sales tax information at 1-800-400-7115.

**2.050 Demonstrator and Executive Vehicle Sales**

A new vehicle operated as a demonstrator or by a factory executive is considered to be a used vehicle when subsequently sold to a retail buyer and a Certificate of Used Vehicle (REG 496) signed by the seller and the buyer (one buyer's signature is sufficient) must be submitted with the Application for Registration of New Vehicle (REG 397). Signatures cannot be signed by power of attorney.

**NOTE:** The buyer **cannot** be charged any portion of the licensing fees paid to register a demonstrator vehicle to the dealership.

**2.055 Exempt Agency Sales**

Dealers selling a vehicle(s) to an exempt agency may give the Application for Registration of New Vehicle (REG 397) and any supporting documents to that exempt agency, if so requested.

**2.060 Factory Deliveries**

When a vehicle is sold for delivery to the buyer at the factory:

- Complete the Application for Registration of New Vehicle (REG 397) as usual.
- Give the buyer the operating copy and instructions for displaying it on the vehicle. This allows operation of the vehicle until the plates are received.
- Submit the application copy, any supporting documents, and the fees for regular California registration to the department.
- Give the license plates to the buyer.

**2.065 Foreign Resident In-Transit Permit for a New Vehicle**

A foreign visitor who prearranges purchase of a **new American-made** passenger vehicle from a California dealer **before** entering the United States may operate the vehicle on a Foreign Resident In-Transit Permit (REG 34) without payment of registration fees or sales tax. Refer to Section 25.055 for permit information.

**2.070 Low Speed Vehicle Sales**

A "low speed vehicle" (LSV) is any four-wheeled electric-powered vehicle with a top speed of **not** greater than 25 miles per hour. LSVs meet the applicable federal safety requirements according to the National Highway Traffic Safety Administration (NHTSA) and have been certified by the California Air Resources Board as Zero Emission Vehicles. LSVs may be registered as passenger vehicles in California if they are to be operated on public streets. An LSV **is not** a golf cart, but it can be "governed" to limit its speed for operation on a golf course.

Federal regulations require that an LSV have a speedometer, but **not** an odometer. An LSV is excluded from odometer mileage reporting requirements.

**2.070 Low Speed Vehicle Sales, continued**

LSV manufacturers are required to affix a permanent 3" x 5" decal containing the following disclosure statement to LSVs on the headliner (roof) of the driver's side.

"The vehicle's maximum speed is 25 miles per hour and it may be a hazard on the roadways if it impedes traffic, for which, the driver may be cited."

The registration requirements for an LSV are the same as for other new vehicles sold by a California dealer.

Dealers **must** give the buyer of an LSV a signed copy of the disclosure statement at the time of sale. The dealer retains the original statement. A copy **is not** submitted to the DMV.

**2.075 Mail Order Sales**

The application copy of the Application for Registration of New Vehicle (REG 397) can be mailed to a mail order buyer provided the buyer **does not** accept delivery of the vehicle at the mail order firm's place of business. Advise the buyer to register the vehicle within 10 days of receipt of the REG 397.

**2.080 Public Agency Sales**

The application copy of the Application for Registration of New Vehicle (REG 397) and any supporting documents for a vehicle sold to a public agency (federal, state, city, county, etc.) may be given to the agency or its agent if requested. In this case, submission of the dealer's notice of sale within the required five days satisfies the 20 day ASF rule.

**2.085 Specialized Transportation Vehicle Sales**

Specialized Transportation Vehicles are exempt from the VLF and the weight fee. A Certificate of Exemption for Specialized Transportation Vehicle (REG 345) **must** be completed and submitted with the Application for Registration of New Vehicle (REG 397).

**2.090 Sales to California Indian Tribes/Tribal Members**

The VLF portion of the registration fees **is not due** for a vehicle sold or leased to a California Indian tribe and/or a tribal member living on a federal Indian reservation or rancheria located in California.

An Indian Certification (REG 256A) completed and signed by a tribal member or a representative of the United States Bureau of Indian Affairs **must be submitted** with the Application for Registration of New Vehicle (REG 397).

**2.095 Sales to Federally-Recognized Indian Tribes (VC §9104.5, R&TC §10781.1)**

**Only** the registration fee (*not including the miscellaneous city/county fees collected with the registration fee*) is due for a vehicle registered to, and used exclusively within the jurisdiction of, a federally-recognized Indian tribe. They are exempt from **all** other fees including city/county fees.

In addition to the Application for Registration of New Vehicle (REG 397), the registration application **must** include either:

- A properly completed Indian Certification (REG 256A) **or**
- An exemption letter from the tribe written on tribal letterhead **and** signed by an authorized tribal counsel member, such as the tribal chief or secretary. The letter **must** identify the vehicle **and** state that it is owned and registered to a federally-recognized Indian tribal name and will be used exclusively within the boundaries of Indian tribal land, including any incidental operation on the highways within those boundaries.

**2.100 Sales to Consul Corps**

Consul Corps employees' vehicles are registered by the federal government under the Federal Diplomatic Vehicle Registration Program. For this type of sale:

- Complete the Application for Registration of New Vehicle (REG 397) as usual.
- Verify the buyer's Consul Corps identification card to confirm his/her Consul status.
- Write "CONSUL CORPS" on the left margin of the application copy of the REG 397 **and** give it to the buyer.
- Affix the buyer's temporary operating copy of the REG 397 to the vehicle as usual.
- Attach a Statement of Facts (REG 256) to the book copy showing the country the Consul is from and how the buyer's Consul Corps status was verified.

**NOTE:** Vehicles sold to employees of the Tapei Economic and Cultural Office (TECO) **do not** fall under this program. Refer to Section 14.050 for information on Foreign Organization plates issued to TECO employee vehicles.

**2.105 Sales to Honorary Consuls (VC §5006)**

Honorary Consuls are excluded from the Federal Diplomatic Vehicle Registration Program referenced in Section 2.100, but may be issued special Honorary Consul plates by the department. To obtain Honorary Consul plates for the vehicle, submit:

- The completed Application for Registration of New Vehicle REG 397).
- A Special Plates Application (REG 17A) completed by the Honorary Consul.
- A certified copy of the Letter of Notification issued by the U.S. Department of State denoting the buyer's Honorary Consul status.
- Fees, including the original Honorary Consul plate fee.

Direct any questions regarding Honorary Consul applications to the department's Special Processing Unit (SPU) in Sacramento Headquarters at (916) 657-7654.

**2.110 Sales to Nonresident Military (NRM) Personnel**

The VLF portion of the registration fees **is not** due for a vehicle sold to a qualified nonresident military person whose duty station **is** in California. A Nonresident Military Exemption Statement (REG 5045) completed by the NRM buyer **must be** submitted with the Application for Registration of New Vehicle (REG 397).

**2.115 Station Wagons (VC §585)**

A station wagon is a dual purpose vehicle designed for the transportation of persons in such a manner that the seats may be folded out of the way or removed to increase the vehicle's property carrying space. Hatchback-type vehicles with a rear seat that folds down or is removable and a rear door that provides direct access to the vehicle's interior cargo-carrying area may be considered a station wagon.

Station wagons are generally issued automobile plates, but may have commercial registration under certain circumstances, as explained in Section 9.050.

**2.120 "Title Only" for a New Vehicle Sold by a California Dealer (VC §4452)**

A "title only" may be issued for a new vehicle that has not been, and will not be, driven, moved, or operated in a manner so as to cause fees (registration or off-highway vehicle) to become due without payment of the required fees.

**Exclusions**—A "title only" **cannot** be issued for:

- A trailer coach. Trailer coaches **must** be registered at all times. (VC §5352)
- A vehicle for which registration fees are due.
- An incomplete or junked vehicle. A "title only" can be issued to a revived junk only after **all** of the clearance requirements are met.
- A vehicle **not** located in California. (VC §4151)

**2.120 “Title Only” for a New Vehicle Sold by a California Dealer, continued**

**Application Requirements**—Submit the following for a new vehicle title only:

- The Application for Registration of New Vehicle (REG 397) completed as usual.
- The customer’s operating copy of the REG 397.
- A weight certificate for any two-axle or three-axle commercial vehicle between 8,001 and 10,000 unladen.
- A Statement of Facts (REG 256) requesting “title only” completed by the buyer. The REG 256 **must** also indicate how the vehicle was moved.

**NOTE:** Dealer plates may be used to move the vehicle **prior** to completing the sale (sale consummated after delivery). Otherwise, the vehicle must be transported or moved on a One Trip Permit (REG 402).

- A Certificate of Planned Non-Operation (PNO–REG 102) completed by the buyer.
- The “title only” fee **and** the PNO filing fee.

**Apportioned Vehicles**—Refer to Section 12.015 for “title only” of a new vehicle sold to an apportioned operator.

**2.125 Transfer or Purchase of Special Plates for a New Vehicle**

Additional documents and fees are due from a buyer who orders or transfers special interest plates to his/her new vehicle. DMV **does not** issue regular plates in such cases. Refer to Chapter 14 for special plates information.

- **To Order Special Plates**—The additional requirements are:
  - A Special Interest License Plate Application (REG 17) **or** Special License Plates Application (REG 17A), as appropriate for the type of plates requested, completed by the buyer.
  - The original fee for the type of plates.
- **To Transfer the Buyer’s Special Plates**—The additional requirements are:
  - A Special Interest License Plate Application (REG 17) completed by the buyer showing reassignment of the existing plates to the new vehicle.
  - The fee for reassignment of the plates.

**2.130 “In Lieu” Application for Registration of New Vehicle (REG 397)**

Submit the following documents when a completed Application for Registration of New Vehicle (REG 397) is lost **before** being submitted to the department:

- A new REG 397 showing “In lieu of R/S #\_\_\_\_\_.”
- A Statement of Facts (REG 256) explaining the reason for the second REG 397.
- The windshield copy of the second REG 397.
- Fees.

### 2.135 New Vehicle Unwind

When an Application for Registration of New Vehicle (REG 397) is completed, but **must** be voided because the sale **was not** consummated and the buyer **never** took delivery (commonly referred to as an “unwind”), the procedure is:

- Mark all copies of the REG 397 “VOID.”
- Complete a Statement of Facts (REG 256) stating the circumstances **and** that the vehicle never left the dealer’s possession and was not operated on the operating copy of the REG 397.
- Retain all copies of the voided REG 397 and the REG 256 with the dealer’s copy at the dealer’s primary business location so it is available in the event of an audit.

### 2.140 New Vehicle Rollback

The Application for Registration of New Vehicle (REG 397) **cannot** be voided if the buyer returns the vehicle after it has been operated so as to cause fees to become due, even if it is returned before the registration application is completed.

**All** fees are due from the date of sale and **must** be submitted to the department **within 20 days** of the new vehicle date of sale to avoid any late penalty or ASF. The fees due may be posted in the dealer’s name or the first buyer’s name.

When a “rollback” vehicle is subsequently sold to a second buyer **or** registered to the dealer, the registration requirements are:

- An Application for Title or Registration (REG 343) in the second buyer’s or dealer’s name.

**NOTE:** Enter an Electronic Lien and Title (ELT) lienholder name and address on the application **exactly** as shown in the latest ELT listing from the department. New listings are issued quarterly in a Vehicle Industry News (VIN) memo.

- The Application for Registration of New Vehicle (REG 397) to the first buyer.
- The Report of Sale–Used Vehicle (REG 51) to the second buyer.
- A bill of sale from the first buyer to the dealer.
- A Lien Satisfied (REG 166) from the lienholder, if any, for the first buyer.

**EXCEPTION:** A lien satisfied **is not** required if financing was **not** approved for the first sale **or** the lienholder for the second buyer is the same as the first buyer.

**NOTE:** Dealers can complete a Statement of Facts (REG 256) or Statement of Error/Erasure (REG 101) for legal owner information entered on the REG 397 in error.

- Odometer mileage disclosure for the second buyer on the Vehicle/Vessel Transfer and Reassignment Form (REG 262).

**2.140 New Vehicle Rollback, continued**

- A Statement of Facts (REG 256) which includes:
  - the name of the buyer who returned the vehicle **and** the date returned.
  - the reason the vehicle was returned (for example, credit unavailable).
  - if the vehicle was voluntarily returned by the buyer.
  - how the vehicle was sold (under conditional contract, chattel mortgage, etc.)
  - if a trade-in was returned to the buyer.
  - if a down payment was returned **and** whether it was a cash down payment or cash in addition to a trade-in.
- Registration fees based on the first buyer's purchase price and date of sale **and** a transfer fee for the second buyer.
- A smog certification **is not** required when the original REG 397 is submitted. This **does not** relieve the dealer of the responsibilities outlined in VC §24007.

**NOTE:** If **all** the fees collected are returned to the original buyer, then prorated license fees (based on the original purchase price and date of sale) may be collected from the second buyer. The fees **must** be paid within the prescribed time limits.

**2.145 New Vehicle to be Altered Before Registration (VC §4150)**

The application copy of the Application for Registration of New Vehicle (REG 397) may be given to the buyer when the vehicle will be altered before it is registered.

<i><b>If the sale...</b></i>	<i><b>then movement of the vehicle...</b></i>
<b>is not</b> consummated until the vehicle is delivered on the buyer's property	may be on dealer plates. Give the buyer a Statement of Facts (REG 256) stating "Vehicle Delivered with Dealer Plate #____." <b>and</b> the application copy of the REG 397.
<b>is</b> consummated at the dealer's place of business	<p>must be on a No Fee Special Moving Permit (REG 172) obtained from the department.</p> <ul style="list-style-type: none"> <li>• Submit a request for the permit to any DMV office on dealer letterhead with the vehicle make, identification number, and anticipated date of delivery.</li> <li>• Print "Vehicle to be Altered before Registration" on the temporary operating copy of the REG 397 <b>and</b> immediately send it to the DMV Sacramento Headquarters.</li> </ul>

**NOTE:** The buyer's temporary operating copy may be displayed in the vehicle if it is expected to be registered within 20 days of the date of sale. The dealer then assumes responsibility for completion of the registration within 20 days.

**2.145 New Vehicle to be Altered Before Registration, continued**

**New Cab and Chassis or Chassis Only**—A cab and chassis or chassis only **is not** a complete vehicle. A body **must be** installed **before** the registration application can be completed. For example, the addition of a trailer hitch to a cab and chassis is considered a complete vehicle (chassis with hitch).

**NOTE:** The department will accept a deposit of the fees (RDF) on a cab/chassis or chassis only, but the application **cannot** be completed until after a body is installed.

**Exception:** If the buyer says a **body will never be installed**, the cab and chassis or chassis only may be registered as a commercial vehicle, as explained in this section.

Report the sale of a new cab and chassis or chassis only on the REG 397 as follows:

<i>If a cab and chassis is...</i>	<i>then the vehicle...</i>
being sold and delivered to the buyer <b>without</b> a body	<b>is</b> reported as a cab and chassis or chassis only.
being sold to the buyer <b>and</b> a body furnished by the buyer is installed <b>after</b> the sale	
received from the factory and a body is installed prior to offering the vehicle for retail sale	<b>is not</b> reported as a cab and chassis or chassis only.
received from the factory and, as a condition of the sale, a body is installed for the buyer prior to completing the sale	

**Registration Requirements**—The requirements **after** the body is installed are:

- The completed Application for Registration of New Vehicle (REG 397). If the vehicle description must be clarified, an Application for Title or Registration (REG 343) is also required.

**NOTE:** A vehicle verification and smog certification **are not** required when the REG 397 is submitted.

- Evidence of ownership for the body or materials as follows:

<i>If the...</i>	<i>then...</i>
cost/value of the body or materials is \$5,000 or more	the original or copies of the original, bill(s) of sale, invoice(s), or sales slip(s) are required.
cost/value of the body or materials is \$4,999 or less	a Statement of Facts (REG 256) is acceptable in lieu of the documents indicated above.
owner installed a body removed from another vehicle he/she owned	a REG 256 that explains that and gives the license number of the other vehicle is required.

**2.145 New Vehicle to be Altered Before Registration, continued**

- Fees **must be** paid within 20 days of the date of first operation. If the actual date of first operation is after the “Date First Operated” shown on the REG 397, submit any permit(s) issued between that date and the date fees are paid **or** a Statement of Facts (REG 256) explaining how the vehicle was moved.

**NOTE:** If the buyer indicates **a body will never be installed** on the cab and chassis or chassis only, submit the following:

- The Application for Registration of New Vehicle (REG 397).
- A Statement of Facts (REG 256) completed by the buyer. The REG 256 **must** state a body will never be installed **and** explain the intended use of the vehicle or the department will not accept the application. (Exempt agencies **are not** required to state the intended use of the vehicle.)
- Fees. All the regular registration fees are due, including the weight fee. The cab and chassis or chassis only **is** a commercial vehicle. A body type of “INCOM-PLT” is assigned to indicate an incomplete vehicle.

**2.150 New Vehicle Sold for Registration Out of State**

A new vehicle sold for registration in another state **must** be transported or moved on a One Trip Permit (REG 402) **unless** registration in the buyer’s home state/country is obtained **prior** to movement of the vehicle on the California highways. Dealer plates **cannot** be used.

- Complete the Application for Registration of New Vehicle (REG 397) as usual **and** mark all copies “for registration out of state.”
- Complete a Statement of Facts (REG 256) explaining how the vehicle was moved.
- Immediately send the REG 256 with all copies of the REG 397 **except** the dealer’s copy to the department at:

Department of Motor Vehicles  
Incoming Mail Unit MS A235  
PO Box 944292  
Sacramento, CA 94244-2920

**NOTE:** Contact the Board of Equalization at 1-800-400-7115 for questions regarding collection of sales tax.

**2.155 New Vehicle Sold for Exclusive Use on Private Property**

When a new vehicle is sold for exclusive use on private property, the selling dealer must:

- Complete the Application for Registration of New Vehicle (REG 397) as usual **and** mark all copies “for exclusive use on private property.”
- Complete a Statement of Facts (REG 256) explaining how the vehicle was moved.
- **Do not** affix the buyer’s copy of the REG 397 to the vehicle. The vehicle **must** be transported or moved on a One Trip Permit (REG 402) **unless** the sale is completed **after delivery** of the vehicle, then dealer plates can be used.
- Immediately send the REG 256 with **all** copies of the REG 397 **except** the dealer’s copy to the department at:

Department of Motor Vehicles  
Incoming Mail Unit MS A235  
PO Box 944292  
Sacramento, CA 94244-2920

**2.160 New Vehicle Sold for Export to Another Country**

When a new vehicle is sold for export to another country, the selling dealer **must** do all of the following **or** the sale is considered a retail sale and all taxes, registration fees, smog and safety certifications are required.

**NOTE:** Sales tax is **not** due when possession of a vehicle sold for export out of the country is taken by the buyer at the docks.

- Complete one of the following report of sale forms, as appropriate:
  - Application for Registration of New Vehicle (REG 397).
  - Wholesale Report of Sale (REG 396) (See **NOTE** below.)
  - Vehicle Auction Wholesale Report of Sale (REG 398). (See **NOTE** below.)
- Mark all copies of the report of sale document “for export out-of-country.”

**NOTE:** The selling dealer is responsible for obtaining verification that the buyer is a licensed dealer or exporter via a business license or similar credentials.

- Complete a Statement of Facts (REG 256) explaining how the vehicle was moved. It must be transported or moved on a One Trip Permit (REG 402) **unless** the sale is completed **after** delivery of the vehicle, then dealer plates can be used.
- **Do not** affix the buyer’s copy of the REG 397 to the vehicle.
- Immediately send the REG 256 and all copies of the REG 397 **except** the dealer’s copy to:

Department of Motor Vehicles  
Incoming Mail Unit MS A235  
PO Box 944292  
Sacramento, CA 94244-2920

**2.165 Wholesale of a New Vehicle**

A franchised new vehicle dealer may wholesale a new vehicle to another dealer. A dealer **cannot** advertise for sale, sell, or purchase for resale, any **new** vehicle of a line-make for which the dealer **does not** hold a franchise. Refer to Section 2.170 for additional information.

**2.170 New Vehicle Sales by a Nonfranchised or Used Vehicle Dealer**

A dealer **cannot** advertise for sale, sell, or purchase for resale, any new vehicle of a make for which the dealer **does not** hold a franchise. (VC §11713.1[f,1])

**Exceptions (VC §11713.1[f,2])**—This **does not** apply to any transaction involving:

- A mobilehome.
- A recreational vehicle as defined in *Health and Safety Code* (H&SC) §18010.
- A commercial coach as defined in H&SC §18001.8.
- An off-highway motor vehicle (OHV) subject to OHV identification.
- A manufactured home.
- A new vehicle that will be substantially altered or modified by a converter prior to sale.
- A commercial vehicle with a gross vehicle weight (GVW) rating of 10,001 or more pounds.
- A vehicle purchased for export and exported outside the territorial limits of the United States without being registered with the department.

**Registration Requirements**—When one of the exception vehicles listed above is sold by a non-franchised dealer or a used vehicle dealer, the requirements are:

- A completed Application for Registration or Title (REG 343).
- The Report of Sale–Used Vehicle (REG 51) from the dealer to the retail buyer.
- Evidence of purchase of the new vehicle by the dealer:
  - an Application for Registration of New Vehicle (REG 397) from the franchised dealer **or**
  - a certified copy of the factory invoice and a bill of sale from the manufacturer **or**
  - the Manufacturer’s Certificate/Statement of Origin (MCO/MSO) endorsed to the dealer. Bills of sale may be used in lieu of endorsement on the MCO/MSO).
- A vehicle verification if a REG 397 **is not** part of the application.
- A smog certification.
- Fees.

**2.175 New Vehicle Repossessed from a Dealer (*Uniform Commercial Code §9503*)**

The requirements for a new unregistered vehicle repossessed from a dealer are:

- An Application for Title or Registration (REG 343) in the buyer's name(s).
- A vehicle verification.
- A certified copy of the trust receipt or flooring note agreement between the finance company and the dealer.
- A Certificate of Repossession—Security Interest (REG 119) executed by the finance company.
- Bills of sale, as needed, to complete the chain of ownership.
- Statement of Facts (REG 256) signed by the finance company or buyer stating that the vehicle was not previously registered.
- Odometer mileage disclosure, if appropriate.
- A smog certification, if appropriate.
- Fees.

**2.180 Application for Registration of Multiple New Vehicles (REG 397A)**

The Application for Registration of Multiple New Vehicles (REG 397A) is a three-part form used to report the sales of **identical new vehicles** to the same registered owner and the same legal owner, if any. REG 397A applications are processed **only** through the department's Centralized Registration Centers (CRCs).

**Issuance of REG 397A Forms**—REG 397A forms are issued exclusively by mail from the department's Occupational Licensing Unit in Sacramento Headquarters. Refer to Section 2.000 for the mailing address.

**Distribution of the REG 397A**—Distribute the REG 397A as follows:

- Mail the **white copy** (application copy) to the department.
- Give the **yellow copy** (buyer's copy) to the buyer.
- Retain the **pink copy** (dealer's book copy).

**REG 397A Requirements**—The requirements for using a REG 397A are:

- A maximum of 25 vehicles may be listed on one form.
- All vehicles **must** be identical except for the last nine positions of the vehicle identification number, the equipment number (if any), and the odometer reading.
- All vehicles **must** have the same registered and legal owners, address, date of sale, and purchase price.

**NOTE:** The name and address abbreviations for an Electronic Lien and Title (ELT) lienholder **must** be entered on the application **exactly** as shown in the latest ELT listing issued by the department. New listings are issued quarterly with a Vehicle Industry News (VIN) memo.

**2.180 Application for Registration of Multiple New Vehicles (REG 397A), continued**

- The information **must** be computer-generated, typed, or printed in ink.
- All proper signatures and printed names **must** be on the form.
- Fees sufficient to cover all vehicles listed on the application **must** be submitted. Insufficient fees delays the processing of **all** applications until all fees are received.
- If the REG 397A is submitted late, an Administrative Service Fee (ASF) is generated for each item listed.

**NOTE:** The REG 397A **does not** provide for operating authority and should **not** be used if operating authority is required.